

VULCAN INDUSTRIAL PACKAGING LIMITED

AR46



ANNUAL REPORT 1977



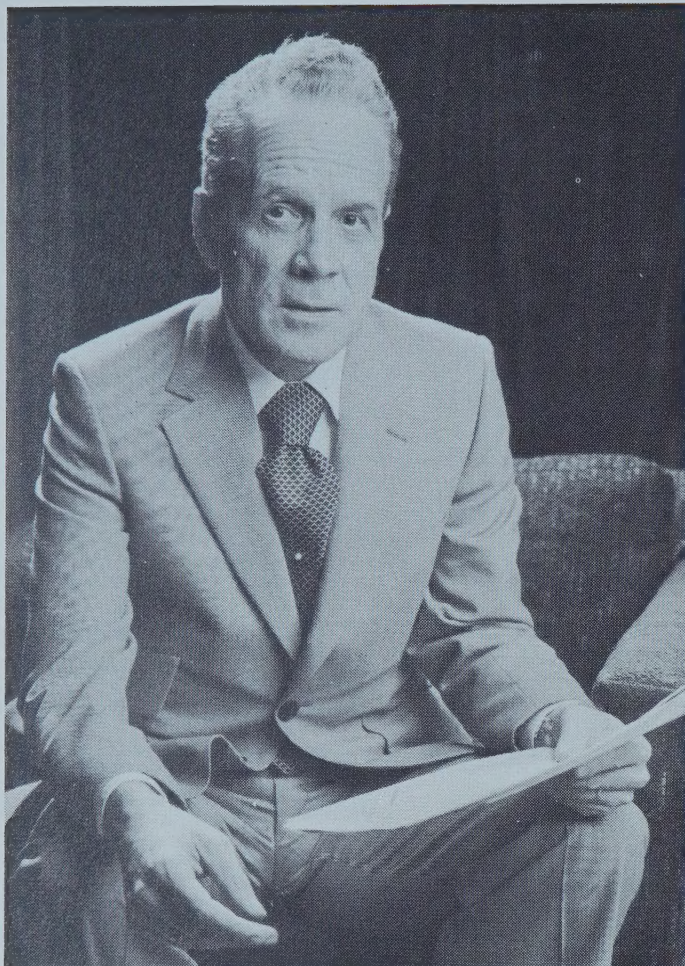
FINANCIAL HIGHLIGHTS

	1977	1976
	(thousands of dollars)	
OPERATIONS		
Sales	\$23,829	\$14,192
Income before taxes and extraordinary item	808	1,395
Income taxes	234	576
Extraordinary item	61	
Net income	513	819
Capital expenditures	1,055	492
Provision for depreciation	804	429
FINANCIAL POSITION		
Working capital	2,173	2,730
Fixed assets - net	6,228	3,719
Long term debt	3,856	1,150
Deferred income taxes	205	1,061
Shareholders' equity	5,380	4,605
PER SHARE		
Income before extraordinary item34	.50
Net income31	.50
Dividends14	.135
Shareholders' equity	3.19	2.83
STATISTICAL		
Number of employees	501	305
Number of shareholders	919	768

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Notice to Shareholders of Annual General Meeting and Special Meeting

The Annual Meeting of Shareholders will be held at the Heritage Inn, Salons A, B, & C, Rexdale, Ontario on Tuesday, the 27th day of June, 1978 at 10:00 o'clock in the morning. Shareholders are cordially invited to attend this meeting.



George R. Jurec
President

MESSAGE TO SHAREHOLDERS

During 1977, the Canadian Container and Metal Decorating Divisions continued to prosper despite a slowdown in the general economy within Canada. This was encouraging and confirms our sound business base and customer diversity. Earnings were diluted, however, by losses incurred in our U.S. and Explosafe Divisions. With the acquisition of Vulcan Containers Inc., on February 28, 1977, we proceeded to consolidate their accounts as shown in the enclosed report. At the time of purchase of this division, it was developing substantial losses and this was reflected in the purchase price. We had hoped to eliminate the losses prior to the year end, but were not successful in this regard. This had a detrimental effect on our consolidated earnings. Our commitment to the development of the Explosafe system continued with increased activity in commercial and technical areas. We are confident that significant long term gain will result, but in 1977 our expenses exceeded our revenues and thus further reduced our total net income.

Net income for the year declined to \$512,543 from \$819,545. The division profit performance was as follows:

- Canada: Net income of \$938,720 (an increase of \$119,175 over the prior year) before the extraordinary loss on the sale of assets of Beaverton Wire Products Limited of \$61,583.
- Explosafe: Net loss of \$89,883 during its first year introduction of commercial production.
- United States: Net loss of \$274,711 for the 10 months since acquisition due to plant relocation, start-up expenses and production interruptions.

After giving consideration for additional treasury shares issued in 1977, earnings per share for the year amounted to 34.0c compared to 50c per share in 1976, with final net, after extraordinary item, of 30.3c per share. Dividends were paid during the year at the rate of 14c per share compared with 13.5c per share last year and reflected the 2/1 stock split that occurred on June 9th, 1977.

The decline in the net income caused by some of our divisions deserves fuller explanation to place it in proper context.

(a) Vulcan Containers Inc.,

Following the purchase of this subsidiary, located in the Chicago area, we fully realized that we had a major undertaking to improve both its manufacturing efficiencies as well as its marketing and sales activities. A great deal of management's efforts were directed in these areas with the gratifying result of a progressive decrease in the size of the monthly losses. Plant relocation and new production equipment installation and debugging was accomplished by year-end.

Subsequently, the plastics division became profitable in February, 1978 and the steel container division is expected to become profitable during the second quarter.

(b) Explosafe

Efforts continued throughout the year, both in technical developments to define end uses for the system and in negotiations with potential foreign licensees. The sale of portable fuel containers containing Explosafe was implemented in both Canada and the United States with the results to date being satisfactory. Sale of Explosafe

material for various contracts, previously announced, is proceeding well and on schedule. As can be expected, time is necessary to bring a complex and sophisticated new technology such as the Explosafe system to a net profit position. In 1978, we look forward to Explosafe being in the black with income from three sources: namely, the increasing sales of the material itself being manufactured in Chicago and Toronto; income from at least four foreign licensing agreements comprising the license fees, machinery sales and royalties from material sales; and the sale of the material for military and commercial applications contracts following recently completed testing programs.

Although profit in Explosafe has been slow in developing, it must be realized that heavy investments have been necessary in product research and development in negotiating new patents and in the continuance of old patents. These expenditures represent our faith in the substantial long term growth we believe to be inherent in the Explosafe system's various markets.

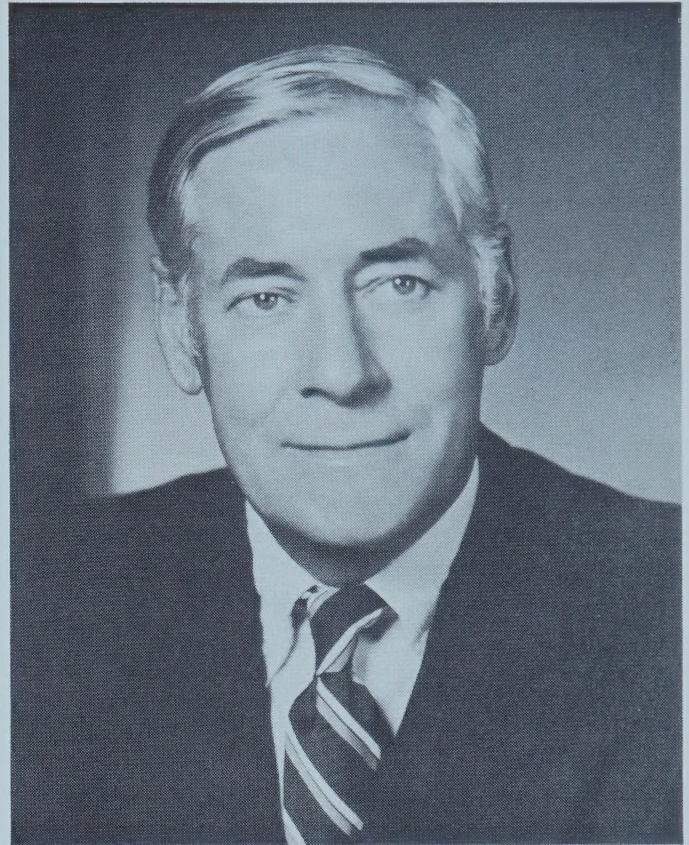
(c) Beaverton Wire Products Division

As advised in our semi-annual interim report management had concluded that this division did not fit into our long range plans. As such it was sold to permit us to devote our resources to other areas that were more synergistic to our basic business. With the sale we did incur a non-recurring loss of \$61,583.

In 1977, the core of our business; that is, the Canadian Container and Metal Decorating Division continued as in previous years to increase their sales and profits.

The significant increase in sales coupled with our financing of and investment in Vulcan Containers, Inc., made it necessary for us to increase our working capital and long term debt requirements in 1977.

Since the year end, we are experiencing improvements in all areas of our activities. Our American subsidiary is now reaching a profitable position. The Scandinavian countries have recently been licensed through Explosafe S.A. A clear identification has been made of an end use for Explosafe protection in transporting or storing LPG. Within our Canadian divisions, sales volume is increasing and our two year program to increase our plant capacities and efficiencies is realizing excellent benefits. Relations with the unions in Canada continues to be excellent. We recently concluded a three year agreement with the union covering our steel division in West Chicago, Illinois and since that time production has improved at that facility.



J. R. Winquist
Chairman

We are indebted to all our employees for their loyalty and diligence through the past year. We have built an excellent base for strong growth in future years. We should also mention that in June of 1977, Vern I. McCarthy, President of Vulcan Containers Inc., was appointed to the Board of Directors. Mills L. Marrs who has been a Director since 1974 will retire from the Board at the next annual meeting and his generous assistance and wise counsel will be missed. We wish to thank him for his past contributions to your company's success.

We regret the delay in holding the Annual Meeting on June 27, 1978 and should explain that this was caused by difficulties encountered in consolidating the accounts of our new American subsidiary, Vulcan Containers Inc., into the parent company's accounts. We appreciate your indulgence in this situation and your continuing support of the company.

VULCAN PLASTICS INCORPORATED, ADDISON, ILLINOIS.

Situated on 2.75 acres of land, the 35,000 square foot building contains our plastic pail manufacturing facilities, as well as our general offices.

With the recent introduction of two new 700 ton injection moulding machines, it is expected that these new additions should increase our production by approximately 20% in the very near future.

Plastic shipping pails for use by a large number of industries are produced. These containers are well known within the plastic pail industry for their fine quality and unique features, some of which are protected by patent.



VULCAN CONTAINERS INCORPORATED, WEST CHICAGO, ILLINOIS.

Constructed in 1976, our new modern manufacturing plant of 120,000 square feet, is situated on five acres in West Chicago.

The plant has two steel pail producing lines, capable of producing a variety of containers from one gallon to six and one half gallons. This plant also has three can producing lines, catering primarily to the printing ink industry.

A three year contract with the labour unions has recently been renewed.



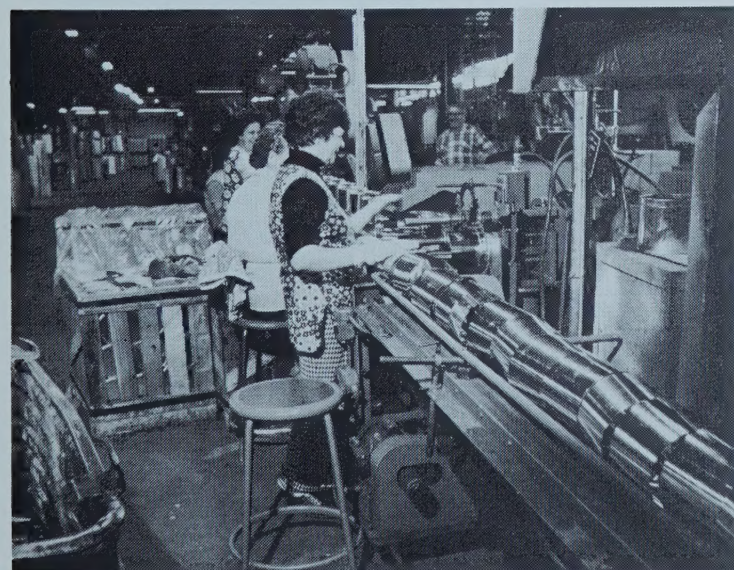
CONTAINER DIVISION



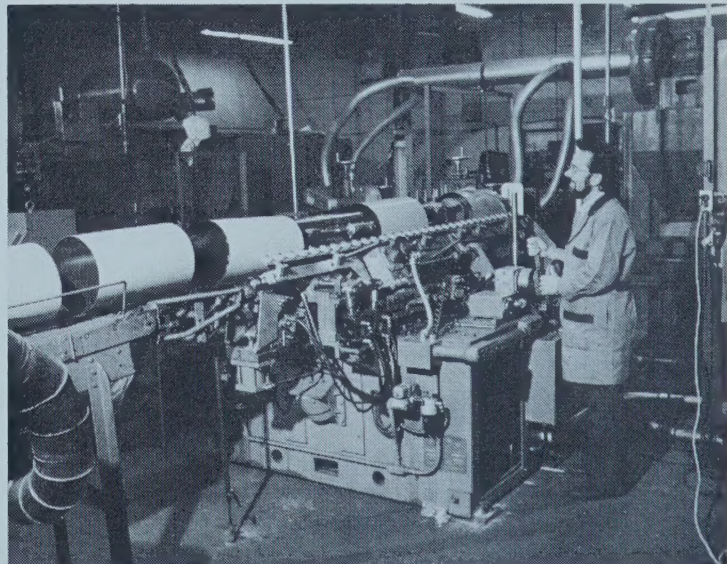
Four of our long term employees with a combined service of more than 87 years. From left to right Jo Laing, Fred Molica, Mary Chowzun & John Knox.



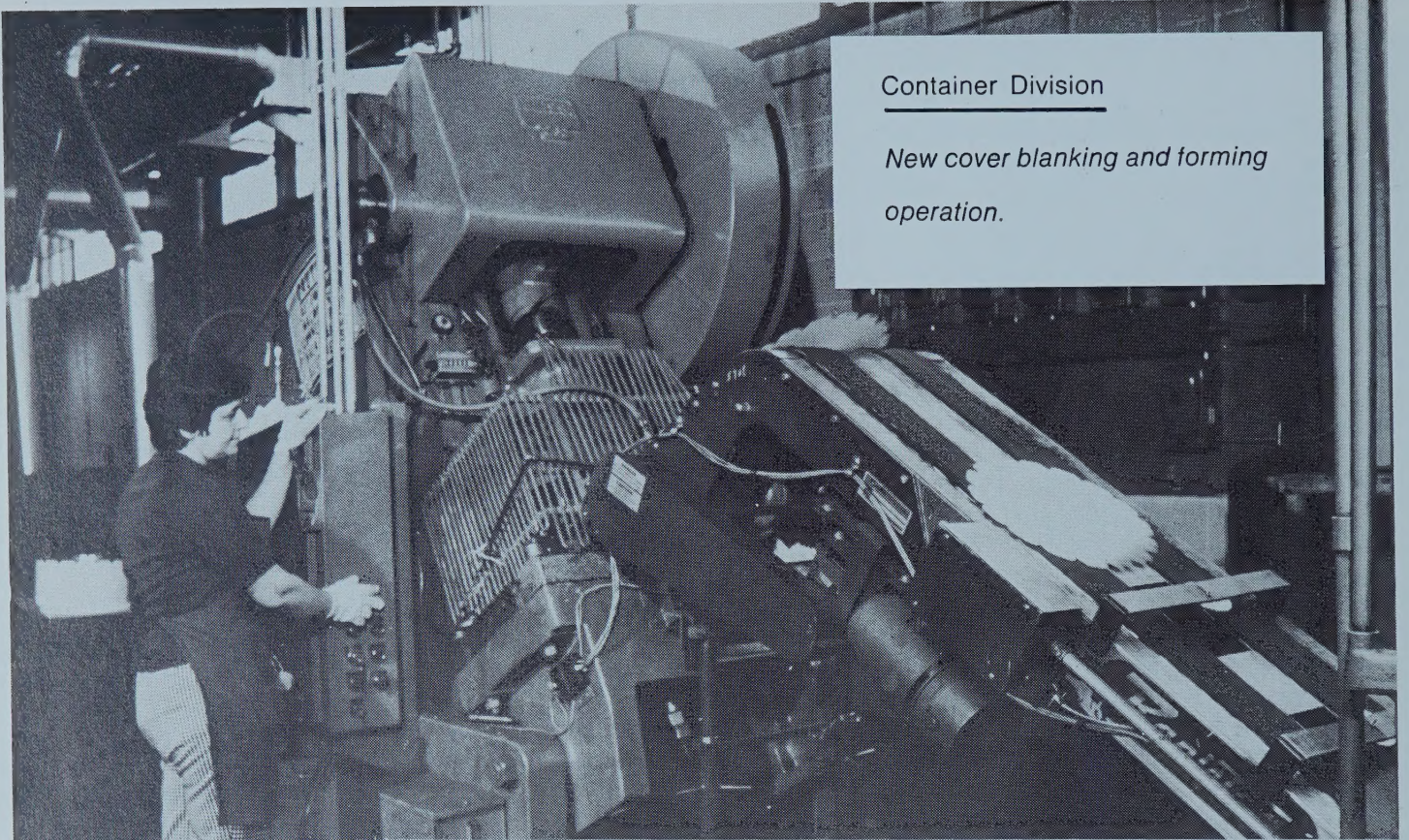
Joe Barker (right) and Mario Palleschi each with more than 20 years service, discussing production schedules.



Tin can line produces a variety of sizes for the food & ink industry.



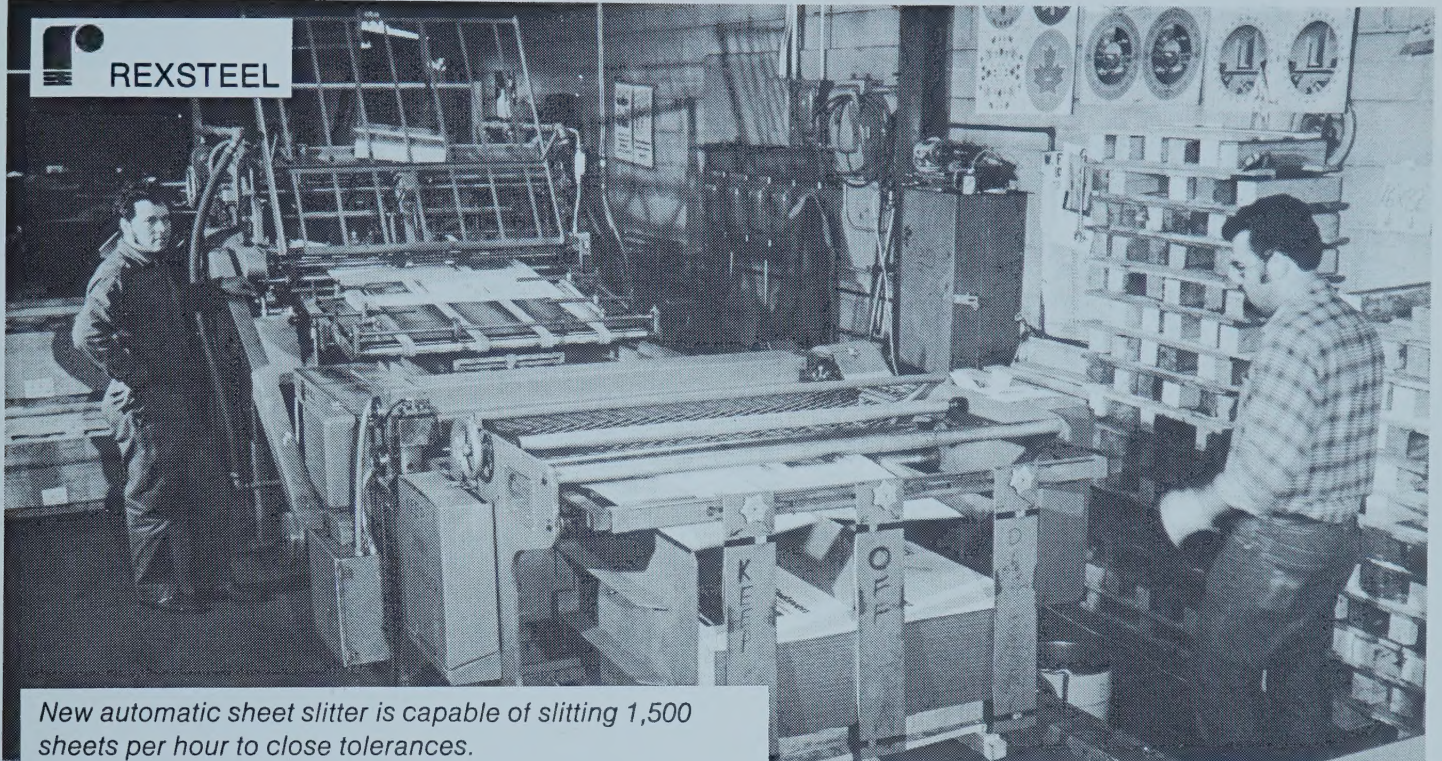
New automatic seam welder will increase pail production by 25% on main line.



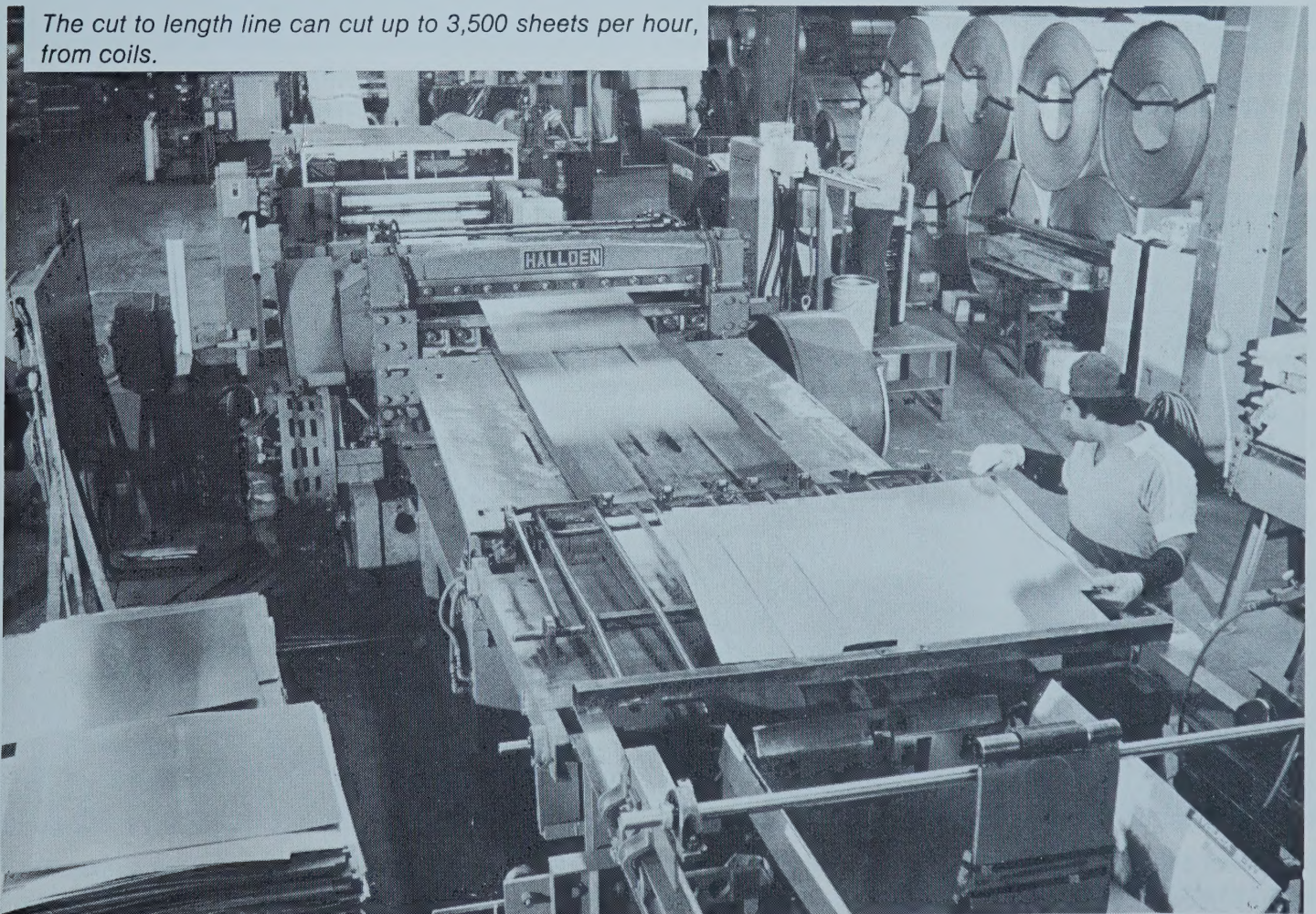
Container Division

New cover blanking and forming operation.

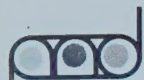




New automatic sheet splitter is capable of slitting 1,500 sheets per hour to close tolerances.



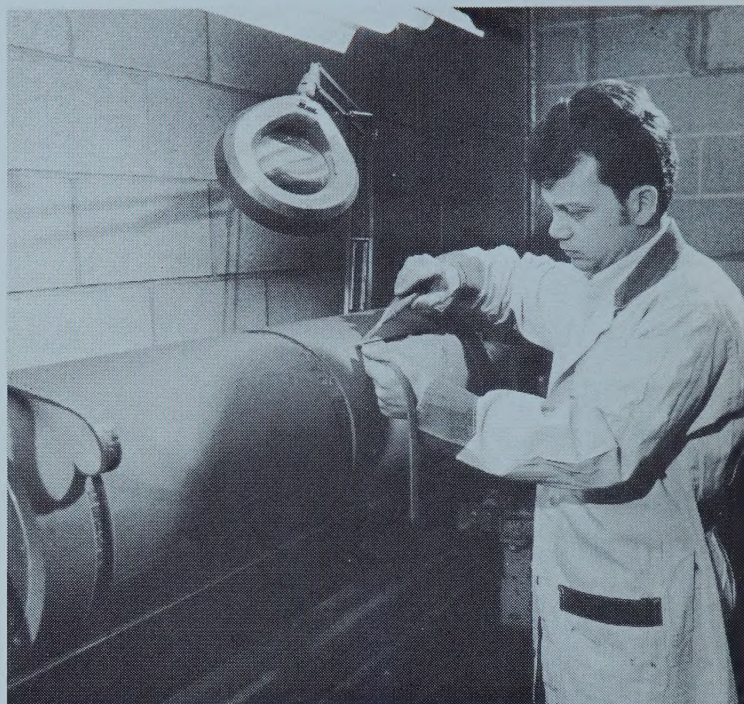
The cut to length line can cut up to 3,500 sheets per hour, from coils.



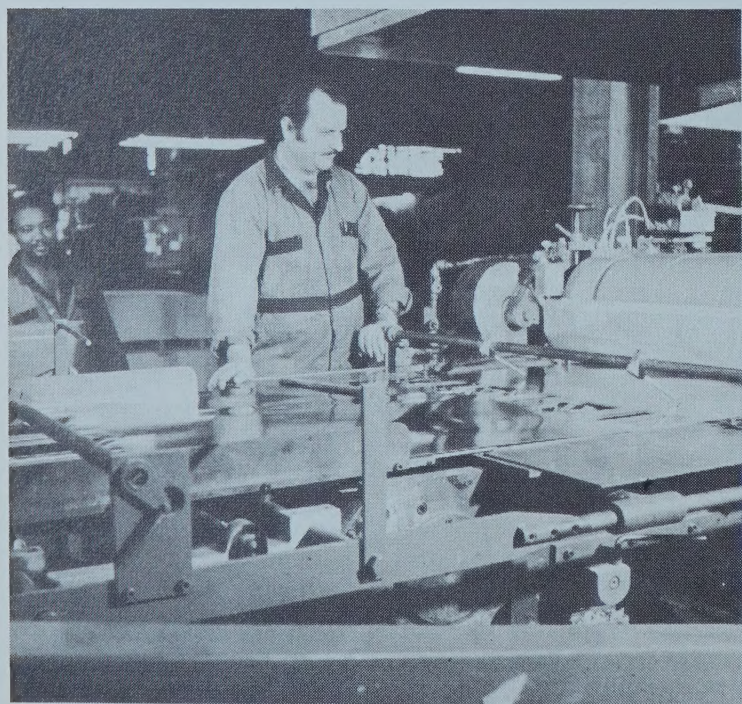
METAL DECORATING LITHOGRAPHERS



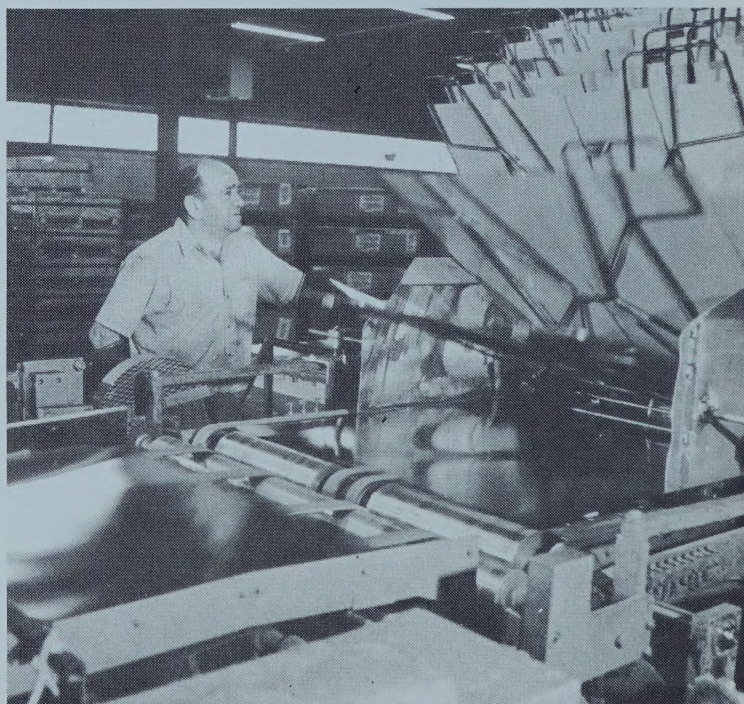
Jim Ricci, Sales Manager (left) and John Trumpler, Plant Manager (right) discuss the production of a printing plate with Carolyn Buffam of the Graphics Dept.



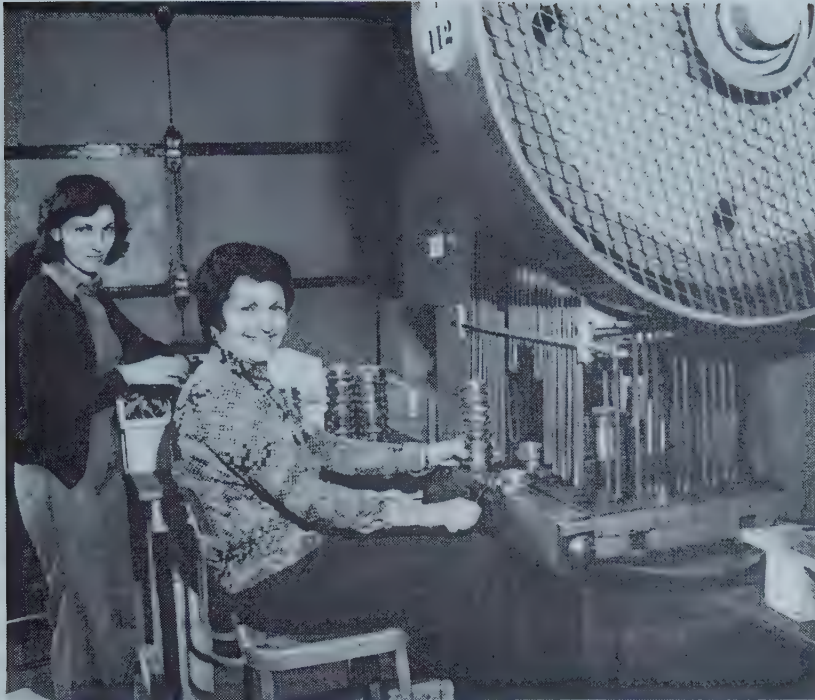
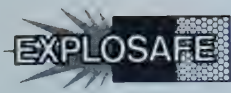
Cutting a close tolerance roller for sanitary can linings requires special care & accuracy.



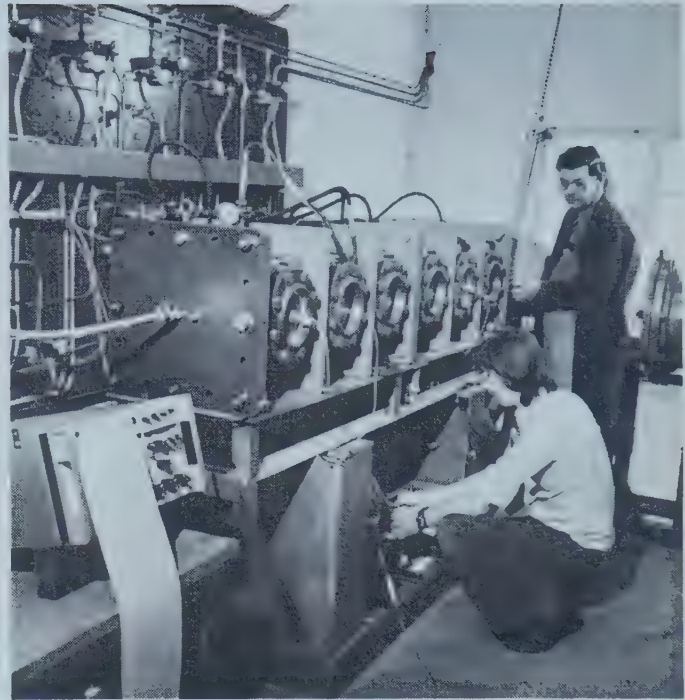
Our newest coating line is equipped with efficient emission control afterburners.



The automatic stacking machine, palletizes the steel sheets, in preparation for further processing or for shipment as finished product.



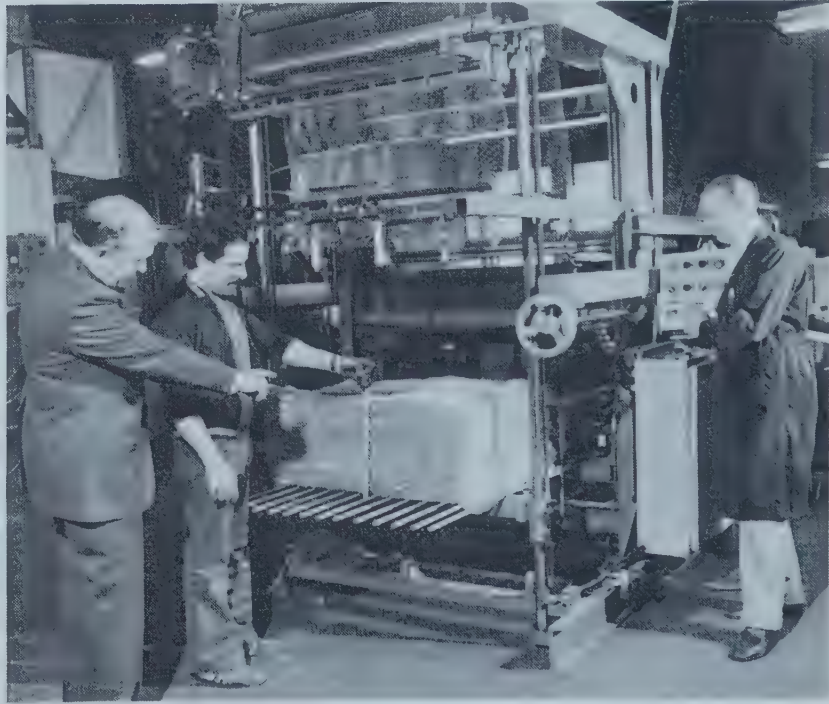
EXPLOSAFE plant staff assembling gas can flame arrestors.



An integral part of the continuing development of the EXPLOSAFE System is the in-house Combustion Laboratory pictured above.



Foil shaping is an extremely important part of our foil processing capability as illustrated here.



The new Semi-automatic Fan-Fold module is the most recent addition to the line of EXPLOSAFE Production Machinery, increasing the efficiency of our manufacturing operation.

CONSOLIDATED BALANCE SHEET

as at December 31, 1977

ASSETS

	<u>1977</u>	<u>1976</u>
CURRENT ASSETS		
Cash		\$ 12,964
Accounts receivable	\$ 2,519,488	1,767,927
Inventories (note 3)	6,019,617	3,223,607
Prepaid expenses and deposits	151,964	148,940
	<u>8,691,069</u>	<u>5,153,438</u>
FIXED ASSETS (note 4)	<u>6,228,171</u>	<u>3,719,044</u>
OTHER ASSETS		
Deferred research and development costs (note 5)	819,483	366,723
Deferred foreign exchange adjustment	220,689	
	<u>1,040,172</u>	<u>366,723</u>
<i>Approved by the Board</i>		
ALBERT J. CAVAN, Q.C., Director		
GEORGE R. ZIES, Director	<u>\$15,959,412</u>	<u>\$9,239,205</u>

AUDITORS' REPORT

To the Shareholders of
Vulcan Industrial Packaging Limited

LIABILITIES

	<u>1977</u>	<u>1976</u>
CURRENT LIABILITIES		
Bank indebtedness (note 6)	\$ 1,806,673	\$ 330,000
Notes payable		450,000
Accounts payable and accrued liabilities	4,058,692	1,399,071
Income and other taxes payable	12,528	16,665
Principal due within one year on long term debt	640,398	227,742
	<u>6,518,291</u>	<u>2,423,478</u>
LONG TERM DEBT (note 6)	<u>3,856,219</u>	<u>1,150,000</u>
DEFERRED INCOME TAXES	<u>205,300</u>	<u>1,060,400</u>

SHAREHOLDERS' EQUITY

CAPITAL STOCK (notes 2 and 7)	1,256,003	760,003
RETAINED EARNINGS	4,123,599	3,845,324
	<u>5,379,602</u>	<u>4,605,327</u>
	<u>\$15,959,412</u>	<u>\$9,239,205</u>

Contingent liabilities and commitments (note 12)

We have examined the consolidated balance sheet of Vulcan Industrial Packaging Limited as at December 31, 1977 and the consolidated statements of income and retained earnings and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the company as at December 31, 1977 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Canada
May 18, 1978

THORNE RIDDELL & CO.
Chartered Accountants

CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS

Year Ended December 31, 1977

	<u>1977</u>	<u>1976</u>
SALES	\$23,828,673	\$14,192,128
EXPENSES		
Cost of sales exclusive of depreciation	19,254,480	10,681,813
Depreciation	804,215	428,529
Selling	1,372,963	775,497
Administrative	1,285,559	661,763
Interest on long term debt	352,612	193,131
Other interest	117,523	58,180
	<u>23,187,352</u>	<u>12,798,913</u>
Income from operations	641,321	1,393,215
Gain on sale of fixed assets	15,709	1,930
Gain on translation of foreign currency	151,296	
Income before income taxes and extraordinary item	<u>808,326</u>	<u>1,395,145</u>
Income taxes (note 8)		
Current	614,000	467,800
Deferred (reduction)	(379,800)	107,800
	<u>234,200</u>	<u>575,600</u>
Income before extraordinary item	574,126	819,545
Loss on sale of operating assets of Canadian subsidiary	61,583	
NET INCOME	512,543	819,545
RETAINED EARNINGS AT BEGINNING OF YEAR	3,845,324	3,245,402
	<u>4,357,867</u>	<u>4,064,947</u>
Dividends	234,268	219,623
RETAINED EARNINGS AT END OF YEAR (note 11)	<u>\$ 4,123,599</u>	<u>\$ 3,845,324</u>
EARNINGS AND DIVIDENDS PER SHARE (note 9)		
Income before extraordinary item	34c	50c
Net income	31c	50c
Dividends	14c	13.5c

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

Year Ended December 31, 1977

	<u>1977</u>	<u>1976</u>
WORKING CAPITAL DERIVED FROM		
Operations		
Income before extraordinary item	\$ 574,126	\$ 819,545
Items not involving working capital		
Depreciation	804,215	428,529
Amortization of deferred research and development costs .	35,179	13,658
Deferred income taxes (reduction)	(379,800)	107,800
Gain on disposal of fixed assets	(15,709)	(1,930)
	<u>1,018,011</u>	<u>1,367,602</u>
Issue of common shares (note 2)	496,000	
Proceeds from disposal of fixed assets	138,669	11,475
Government assistance, research and development	152,720	375,672
Increase in long term debt	3,320,420	
Decrease in current portion of long term debt		50,000
	<u>5,125,820</u>	<u>1,804,749</u>
WORKING CAPITAL APPLIED TO		
Additions to fixed assets	1,054,795	491,903
Reduction in non-current portion of long term debt	1,708,484	227,742
Dividends	234,268	219,623
Deferred research and development costs	640,659	265,519
Acquisition of subsidiary (including working capital deficiency of \$1,280,424) (note 2)	1,824,107	
Deferred foreign exchange adjustment	220,689	
	<u>5,683,002</u>	<u>1,204,787</u>
INCREASE (DECREASE) IN WORKING CAPITAL	(557,182)	599,962
WORKING CAPITAL AT BEGINNING OF YEAR	<u>2,729,960</u>	<u>2,129,998</u>
WORKING CAPITAL AT END OF YEAR	<u>\$2,172,778</u>	<u>\$2,729,960</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 1977

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of consolidation

The consolidated financial statements reflect the financial position, the results of operations and the changes in financial position of the company and its wholly-owned subsidiaries, Beaverton Wire Products Limited (a Canadian company), Vulcan Containers Inc. and its subsidiary Vulcan Plastics Inc. (United States companies).

(b) Inventories

Raw materials and work in process are valued at the lower of cost and replacement cost and finished goods are valued at the lower of cost and net realizable value. For purposes of inventory valuation cost is determined on a first-in, first-out basis.

(c) Depreciation

Depreciation is computed on a straight line basis based on estimated useful life at the following average rates:

Buildings	5%
Plant machinery and equipment	8.33%
Automotive	30%

(d) Equipment notes payable

The company has entered into lease agreements in the United States relating to certain items of plant machinery and equipment. The fixed assets have been capitalized in the company's accounts at the principal amount of the lease rental payments.

(e) Financial assistance from governments and others

During the course of certain research and development programs financial assistance is received from governments and others. It is the company's policy to account for such assistance as a recovery of costs incurred.

(f) Deferred research and development costs

It is the company's policy to defer costs related to development of new products until commercial production has been attained or the project has been deemed commercially unfeasible. Upon the commencement of commercial production of a particular product, all related unrecovered costs are amortized on a straight line basis over a five year period.

In certain circumstances, additional expenditures are made to develop new uses and markets for existing products. In such cases, it is the company's policy to defer these costs and to amortize the unrecovered portion over a five year period from the date incurred.

(g) Translation of foreign currency

Cash, accounts receivable, current liabilities and long term debt are translated at the rates of exchange in effect at the balance sheet date. Inventories, prepaid expenses and other assets are translated at historic rates. Revenue and expenses are translated at average quarterly exchange rates which were in effect during the year except for depreciation which is translated

at the rates in effect when the relative assets were acquired. The foreign exchange adjustment resulting from translating long term debt has been deferred until realized and is shown on the balance sheet as "Deferred foreign exchange adjustment". This adjustment is amortized over the term of the related long term debt. All other adjustments resulting from translation policies are reflected in the consolidated statement of income.

(h) Pension plan

The unfunded past service liability of the pension plan relating to the employees of the company is being funded over the next ten years with annual charges against operations.

2. ACQUISITION OF SUBSIDIARY

Effective February 28, 1977 the company acquired all of the outstanding shares of Vulcan Containers Inc., Chicago, Illinois, a manufacturing company. The transaction has been accounted for on the purchase method with the results of operations included in these financial statements from date of acquisition. The acquisition equation is as follows.

Net assets acquired, at assigned values (book value, deficiency of \$552,213)

Current assets	\$2,578,220	
Fixed assets	2,443,090	
Deferred income taxes	<u>475,300</u>	\$5,496,610
Current liabilities	3,858,644	
Long term debt	<u>1,094,283</u>	<u>4,952,927</u>
		<u>\$ 543,683</u>

Consideration given at fair value

Issue of 62,000 common shares	\$ 496,000
Costs of acquisition	<u>47,683</u>
	<u>\$ 543,683</u>

3. INVENTORIES

	1977	1976
Raw materials	\$2,189,471	\$ 840,525
Work in process	2,307,527	1,823,103
Finished goods	<u>1,522,619</u>	<u>559,979</u>
	<u>\$6,019,617</u>	<u>\$3,223,607</u>

4. FIXED ASSETS

	1977		1976	
	Cost	Accumulated depreciation	Net	Net
Land	\$ 92,046		\$ 92,046	\$ 99,546
Buildings	1,619,484	\$ 649,288	970,196	1,130,045
Plant machinery, equipment and automotive	8,362,691	3,196,762	5,165,929	2,489,453
	<u>\$10,074,221</u>	<u>\$3,846,050</u>	<u>\$6,228,171</u>	<u>\$3,719,044</u>

5. DEFERRED RESEARCH AND DEVELOPMENT COSTS

	1977	1976
Research and development costs	\$ 851,472	\$ 661,435
Financial assistance from government (note 11)	584,549	461,609
	266,923	199,826
Accumulated amortization	90,916	55,737
	176,007	144,089
Financial assistance, not yet received	50,473	80,253
	226,480	224,342
Investment in and advances to 50% owned corporate joint venture	593,003	142,381
	<u>\$ 819,483</u>	<u>\$ 366,723</u>

The corporate joint venture is engaged in the development, manufacture and licensing of Explosafe products in jurisdictions other than Canada. At December 31, 1977, the joint venture has no income or loss as all costs net of revenues received are being deferred until commercial operations commence. Accordingly, the investment in and advances to the joint venture have been included in the financial statements as deferred research and development costs.

6. LONG TERM DEBT	1977	1976
Term bank loans		
Prime plus 1½ %, payable \$50,000 principal quarterly	\$1,400,000	\$1,350,000
Prime plus 2½ %, payable \$110,400 in 1978, \$248,400 annually thereafter (U.S. \$1,000,000)	1,104,000	
135% of United States prime, payable \$58,600 principal quarterly, due November, 1982 (U.S. \$1,446,429)	1,582,394	
Equipment notes payable varying interest rates averaging 13.5% (U.S. \$374,976)	410,223	27,742
	4,496,617	1,377,742
Less principal included in current liabilities	640,398	227,742
	<u>\$3,856,219</u>	<u>\$1,150,000</u>

The term bank loans of \$1,400,000 and \$1,104,000 and bank indebtedness of \$574,438 are secured by an assignment of book debts and inventories and a fixed and floating charge debenture on assets owned in Canada. The term bank loan of \$1,582,394 and bank indebtedness of \$1,232,235 are secured by an assignment of book debts and inventories and lien rights on fixed assets owned in the United States (subject to prior lien rights with respect to the equipment notes payable). In addition, Vulcan Industrial Packaging Limited has guaranteed the term bank loans and bank indebtedness of its United States subsidiaries.

The principal due on long term debt over the next five years is as follows:

1978	\$ 640,398
1979	782,321
1980	756,868
1981	752,371
1982	1,218,774

7. CAPITAL STOCK

On May 8, 1977 the company sub-divided its issued and outstanding shares on a two for one basis.

Capital stock is comprised of the following (new share basis):

	1977	1976
Authorized		
2,220,130 Common shares of no par value		
(1,406,710 shares in 1976)		
Issued		
1,688,840 Shares		
(1,626,840 shares in 1976)	<u>\$1,256,003</u>	<u>\$ 760,003</u>

8. INCOME TAXES

- (a) Current income taxes have been reduced in the current year by approximately \$40,000 by the application of an inventory allowance tax deduction available to Canadian corporations.
- (b) At December 31, 1977, the company's United States subsidiaries have losses to carry forward on a tax filing basis, and unused investment tax credits totalling approximately \$640,000, the tax effect of which has not been recorded in the accounts. These loss carry forwards and unused investment tax credits have expiry dates extending up to December 31, 1984.

9. EARNINGS PER SHARE

Earnings per share are based upon the weighted average number of shares outstanding during the year after giving effect to the two for one subdivision.

10. PENSION PLAN LIABILITY

At December 31, 1977 the balance of past service contributions outstanding under the companies' pension plan amounted to \$184,790. The charge to operations for the current year amounted to \$18,479.

11. ANTI-INFLATION ACT

The company is subject as a public company to the Anti-Inflation Act only in relation to the restraint of dividends. These restraints are due to end in 1978.

12. CONTINGENT LIABILITIES AND COMMITMENTS

- (a) The company has guaranteed a bank loan to its corporate joint venture in the amount of \$250,000 (see note 5).
- (b) Under the terms of an assistance agreement between the company and The Government of Canada relating to specific research and development, the company is committed to expend in the future an amount equal to the financial assistance received from the Government. In the event that the specific projects are commercially successful and the company does not expend the amounts as committed, the company can be required to repay the amounts so received. At December 31, 1977, government assistance of approximately \$523,000 may be repayable.
- (c) In 1975 the company entered into a corporate joint venture agreement. Under the terms of this agreement, the company received a fifty percent interest in the joint venture and agreed that it would fund, manage and operate all undertakings of the joint venture. Pursuant to this agreement and amendments thereto the company has assigned to the other joint venture partner the rights to the company's 50% share in the first \$75,000 of joint venture income and agreed to an advance payment in 1977 by the joint venture of this first \$75,000.
- (d) The company leases premises in Chicago, Illinois, under long term leases which expire in 1996 and 2001. The lease agreements provide the company with options to purchase the properties at various times during the term of the lease. Minimum annual payments under these leases amount to \$273,484. Subsequent to December 31, 1977, the company exercised its option to acquire one of these properties effective June 1, 1978 for U.S. \$750,000.

13. DIRECTORS' AND OFFICERS' REMUNERATION

Number of directors	8
Remuneration of directors as directors	\$21,100
Number of officers	7
Remuneration of officers as officers	\$233,385
Number of officers who are directors	3

VULCAN INDUSTRIAL PACKAGING LIMITED

CONSOLIDATED FINANCIAL SUMMARY

	1977	1976	1975	1974	1973	1972	1971	1970	1969	1968
	(thousands of dollars)									
OPERATIONS										
Sales	\$23,829	\$14,192	\$12,801	\$11,588	\$10,034	\$8,458	\$7,714	\$6,740	\$6,118	\$5,572
Income before income taxes and extraordinary item	\$ 808	\$ 1,395	\$ 1,489	\$ 1,232	\$ 989	\$ 897	\$ 795	\$ 879	\$ 571	\$ 318
Income taxes	234	576	628	502	412	450	382	447	293	162
Extraordinary item	61									
Net income	\$ 513	\$ 819	\$ 861	\$ 730	\$ 577	\$ 447	\$ 413	\$ 432	\$ 278	\$ 156
FINANCIAL POSITION										
Working capital	\$ 2,173	\$ 2,730	\$ 2,130	\$ 2,140	\$ 1,685	\$1,474	\$1,355	\$ 897	\$ 711	\$ 586
Fixed assets — net	6,228	3,719	3,665	3,620	3,643	2,784	2,655	2,197	1,888	1,974
Other assets	1,040	367	491	33	38	27	63	34	67	99
	9,441	6,816	6,286	5,793	5,366	4,285	4,073	3,128	2,666	2,659
Long term debt	3,856	1,150	1,328	1,636	1,894	1,406	1,573	964	954	1,122
Deferred income taxes	205	1,061	953	809	651	472	418	394	293	311
	4,061	2,211	2,281	2,445	2,545	1,878	1,991	1,358	1,247	1,433
Shareholders' equity	\$ 5,380	\$ 4,605	\$ 4,005	\$ 3,348	\$ 2,821	\$2,407	\$2,082	\$1,770	\$1,419	\$1,226
CHANGES IN FINANCIAL POSITION										
Income before extraordinary item	\$ 574	\$ 819	\$ 861	\$ 730	\$ 577	\$ 447	\$ 413	\$ 407	\$ 278	\$ 156
Depreciation	804	429	394	345	283	240	202	141	212	197
Deferred income taxes	(380)	108	144	158	179	54	27	107	(19)	76
Other	20	12	7	11	20	36				
Operations	1,018	1,368	1,406	1,244	1,059	777	642	655	471	429
Issue of common shares	496									
Increase in long term debt	3,320	376			1,200		800			
Government assistance	153									
Proceeds from sale of fixed assets	139	11	20	11	29	13	11	225	471	429
	5,126	1,755	1,426	1,255	2,288	790	1,453	880		
Capital expenditures	1,055	492	457	333	1,182	383	536	655	127	221
Long term debt reduction	1,709	178	309	258	711	167	191	(47)	155	114
Dividends	234	219	203	203	163	122	102	81	61	41
Acquisition of subsidiary	1,824						140			
Other	861	266	467	6	20		26	4	3	1
	5,683	1,155	1,436	800	2,076	672	995	693	346	377
Increase (decrease) in working capital	\$ (557)	\$ 600	\$ (10)	\$ 455	\$ 212	\$ 118	\$ 458	\$ 187	\$ 125	\$ 52
PER SHARE										
Income before extraordinary item	\$.34	\$.50	\$.53	\$.45	\$.36	\$.28	\$.26	\$.25	\$.17	\$.10
Net income	.31	.50	.53	.45	.36	.28	.26	.25	.17	.10
Dividends	.14	.135	.125	.125	.10	.075	.0625	.05	.0375	.025
Shareholders' equity	3.19	2.83	2.46	2.06	1.74	1.48	1.28	1.09	.88	.75

DIRECTORS AND OFFICERS

Directors

†° GEORGE R. ZIES	<i>President:</i>	Vulcan Industrial Packaging Ltd, Toronto
ALBERT J. CAVAN, Q.C.	<i>Partner:</i>	Risk, Cavan, Gardner, Toronto
° JAMES B. PRENDERGAST	<i>President and Chief Executive Officer:</i>	Westroc Industries Limited, Toronto
† NORMAN E. KAYE	<i>Consultant:</i>	George Weston Limited, Toronto
† MILLS L. MARRS	<i>Industrial Real Estate</i>	John Shortill Limited, Toronto
ARTHUR G. SIMPSON	<i>President:</i>	A. G. Simpson Co. Limited, Toronto
° JOHN E. SANDS	<i>Vice-President:</i>	Maplebrook Investments Limited, Toronto
VERN I. McCARTHY, Jr.	<i>President:</i>	Vulcan Containers, Inc. Addison, Illinois.

° Executive Committee

† Audit Committee

Officers

JAMES B. PRENDERGAST	<i>Chairman of the Board of Directors</i>
GEORGE R. ZIES	<i>President and Chief Executive Officer</i>
ALBERT J. CAVAN, Q.C.	<i>Vice-President</i>
DOUGLAS B. REDDON, C.A.	<i>Vice-President of Finance & Secretary-Treasurer</i>
ALEX C. TELFER	<i>Vice-President: Sales</i>
NORMAN E. WRYCRAFT	<i>Vice-President: Marketing and Research Development</i>
GEORGE D'CRUZE	<i>Vice-President: Manufacturing</i>

Auditors

Thorne Riddell & Co., Toronto, Ontario

Registrar and Transfer Agent

Royal Trust Company, Toronto, Ontario, Vancouver, B.C., Winnipeg, Manitoba

List of Plants and Offices

Vulcan Industrial Packaging Limited

15 Bethridge Road, Rexdale, Ontario
Telephone: (416) 743-8682 M9W 1M6

***Vulcan Industrial Packaging**

3535 Foster Ave., Vancouver, B.C.
Telephone: (604) 435-2261 V5R 4X3

***Vulcan Industrial Packaging**

300 Dickson St., Montreal, Quebec
Telephone: (514) 259-4601 H1N 2H5

***Metal Decorating Lithographers**

44 Bethridge Road, Rexdale, Ontario
Telephone: (416) 743-8682 M9W 1N1

***Rexsteel Division**

15 Bethridge Road, Rexdale, Ontario
Telephone: (416) 743-8682 M9W 1M6

***Safety Can Division**

5213 Elevator Road, Roscoe, Illinois. 61073
Telephone: (815) 623-2192

***Explosafe Division**

22 Enterprise Road, Rexdale, Ontario
Telephone: (416) 245-1570 M9W 1C3

Vulcan Containers Incorporated,

1700 Western Drive, West Chicago, Illinois. 60185
Telephone: (312) 293-1710

Vulcan Plastics Incorporated

330 Fairbank Street, Addison, Illinois. 60101
Telephone: (312) 628-2800

***Vulcan Industrial Packaging Limited**

303-58th Avenue S.E., Calgary, Alberta T2H 0P3
Telephone: (403) 253-5509

AGENTS FOR PRAIRIE PROVINCES

Western Agencies

1569 Orange Street, Winnipeg, Manitoba R3E 3B5
Telephone: (204) 786-6873

*Divisions of Vulcan Industrial Packaging Limited

